



Dave Yost • Auditor of State

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomington, Ohio 43910

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County Joint Vocational School District, Jefferson County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County Joint Vocational School District, County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the basic financial statements, during the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

July 15, 2014

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

The discussion and analysis of the Jefferson County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2013 are as follows:

- In total, net position increased \$134,077.
- General revenues accounted for \$4,168,133, in revenue or 83 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$875,657 or 17 percent of total revenues of \$5,043,790.
- Total assets of governmental activities increased \$618,953. Current assets increased by \$820,356 due primarily to increased property tax receivable resulting from the passage of a one mill levy. See Subsequent Event Note 19. Capital assets decreased \$201,403 due primarily to depreciation expense which was offset slightly by capital asset additions.
- The School District had \$4,909,713 in expenses related to governmental activities; only \$875,657 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$4,168,133 were adequate to provide for these programs.
- Total governmental funds had \$5,006,772 in revenues and \$4,893,821 in expenditures. The net change in governmental fund balances, including other financing sources (uses) was an increase of \$112,951.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Jefferson County Joint Vocational School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities and deferred inflows and outflows using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are considered to be Governmental Activities including instruction, support services, food service operations and debt service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, and the Permanent Improvement capital projects fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Jefferson County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012.

Table 1
Net Position

	Governmental Activities		
	2013	2012	Change
Assets			
Current and Other Assets	\$4,388,212	\$3,567,856	\$820,356
Capital Assets	2,575,411	2,776,814	(201,403)
Total Assets	6,963,623	6,344,670	618,953
Liabilities			
Long-Term Liabilities	1,170,850	1,247,959	(77,109)
Other Liabilities	513,432	548,500	(35,068)
Total Liabilities	1,684,282	1,796,459	(112,177)
Deferred Inflows of Resources			
Property Taxes not Levied to Finance			
Current Year Operations	2,020,748	1,423,695	597,053
Net Position			
Net Investment in Capital Assets	1,695,155	1,850,851	(155,696)
Restricted	238,967	233,872	5,095
Unrestricted	1,324,471	1,039,793	284,678
Total Net Position	\$3,258,593	\$3,124,516	\$134,077

Total assets of governmental activities increased \$618,953. Current assets increased by \$820,356 due primarily to increased property tax receivable resulting from the passage of a one mill levy to be used for current operating expenses, for purchasing equipment of buildings, and for the improving of buildings. See Subsequent Event Note 19. Capital assets decreased \$201,403 due primarily to depreciation expense which was offset slightly by capital asset additions.

Total net position of the School District's governmental activities increased \$134,077. Unrestricted net position reflects an increase of \$284,678 due to increased property tax revenue while net investment in capital assets, decreased primary due to annual depreciation expense and was offset by capital asset additions and debt service payments.

Jefferson County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 2 shows the changes in net position for the fiscal years ended June 30, 2013 and 2012.

Table 2			
Changes in Net Position			
Governmental Activities			
	2013	2012	Change
Revenues			
Program Revenues			
Charges for Services	\$256,628	\$737,851	(\$481,223)
Operating Grants and Contributions	619,029	595,401	23,628
Total Program Revenues	875,657	1,333,252	(457,595)
General Revenues			
Property Taxes	1,673,593	1,489,024	184,569
Grants and Entitlements not Restricted to Specific Programs	2,475,472	2,604,619	(129,147)
Investments	7,864	18,322	(10,458)
Other	11,204	15,196	(3,992)
Total General Revenues	4,168,133	4,127,161	40,972
Total Revenues	5,043,790	5,460,413	(416,623)
Program Expenses			
Instruction			
Regular	188,734	206,082	(17,348)
Special	241,903	264,403	(22,500)
Vocational	2,397,112	2,635,926	(238,814)
Adult/Continuing	8,993	6,047	2,946
Student Intervention Services	0	23	(23)
Support Services			
Pupil	216,265	205,595	10,670
Instructional Staff	333,717	320,573	13,144
Board of Education	55,036	48,372	6,664
Administration	258,002	218,070	39,932
Fiscal	249,213	274,089	(24,876)
Operation and Maintenance of Plant	708,029	659,070	48,959
Central	24,965	19,266	5,699
Food Service Operations	190,430	155,320	35,110
Interest and Fiscal Charges	37,314	22,179	15,135
Total Expenses	4,909,713	5,035,015	(125,302)
Increase in Net Position	134,077	425,398	(291,321)
Net Position Beginning of Year	3,124,516	2,699,118	425,398
Net Position End of Year	\$3,258,593	\$3,124,516	\$134,077

In 2013, 33 percent of the School District's revenues were from property taxes and 49 percent were from unrestricted grants and entitlements. A significant decrease was realized in charges for services program revenue from fiscal year 2012 as a result of the oil and gas lease revenue that was received in the prior fiscal year.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

Instructional programs comprise approximately 58 percent of total governmental program expenses, a decrease of \$275,739 from fiscal year 2012. Overall, program expenses of the School District decreased by \$125,302. The largest decreases being reflected in vocational instruction due the elimination of programs offered at the School District.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2013 and 2012. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Instruction				
Regular	\$188,734	\$206,082	\$188,734	\$206,082
Special	241,903	264,403	(221)	22,279
Vocational	2,397,112	2,635,926	1,998,391	2,192,280
Adult/Continuing	8,993	6,047	8,993	6,047
Student Intervention Services	0	23	0	23
Support Services				
Pupil	216,265	205,595	216,265	205,595
Instructional Staff	333,717	320,573	328,843	316,526
Board of Education	55,036	48,372	55,036	48,372
Administration	258,002	218,070	258,002	218,070
Fiscal	249,213	274,089	248,517	272,783
Operation and				
Maintenance of Plant	708,029	659,070	701,861	209,157
Central	24,965	19,266	2,974	687
Food Service Operations	190,430	155,320	(10,653)	(18,317)
Interest and Fiscal Charges	37,314	22,179	37,314	22,179
Total Expenses	\$4,909,713	\$5,035,015	\$4,034,056	\$3,701,763

The dependence upon tax revenues and state subsidies for governmental activities is apparent as 82 percent of expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund, and the Permanent Improvement Capital Projects fund. The General Fund had \$4,512,651 in revenues and \$4,314,782 in expenditures, and the Permanent Improvement Fund had \$98,544 in revenues and \$109,309 in expenditures. Overall, including other financing sources, the General Fund's balance increased \$109,912, and the Permanent Improvement Fund's balance decreased \$10,765.

Jefferson County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2013 the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The changes between the original and final appropriations reflect significant decreases in vocational instruction primarily due to the loss of programs. There were no significant changes between the final and actual budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$2,575,411 invested in land, land improvements, buildings and improvements and furniture and equipment.

See Note 9 for more detailed information of the School District's capital assets.

Table 4
Capital Assets Net of Depreciation

	Government Activities	
	2013	2012
Land	\$88,229	\$88,229
Land Improvements	55,692	63,604
Buildings and Improvements	2,260,457	2,401,035
Furniture and Equipment	171,033	223,946
Totals	\$2,575,411	\$2,776,814

Debt

At June 30, 2013, the School District had \$880,256 in bonds outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2013	2012
2010 Energy Conservation Qualified School Construction Serial Bonds	\$880,256	\$943,882

See Note 14 for more detailed information on the School District's debt.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

Economic Factors

Breezewood Manor Subdivision:

The Breezewood Manor Subdivision project was fully implemented by 2003. Five parcels of land were subdivided and declared no longer needed for any school purpose and authorized for sale at public auction in accordance with the provisions of O.R.C. 3313.41.

A major expense to implement the project was the development of the subdivision. Completing the excavation and building a road to meet specifications for the township to assume responsibility for future upkeep and care, and installing county water and sewer, plus providing electrical service that meets all development requirements established by the Planning Commission was approximately \$290,000. This debt was repaid in fiscal year 2008. This project was not designed to be "for profit" and was not in competition with construction trades.

At June 30, 2010 the senior carpentry instructor retired. The Board of Education decided not to fill this position for financial reasons. The junior carpentry instructor assumed the lead in the Breezewood Manor Subdivision. House six was auctioned on October 28, 2012. The Board of Education met on November 8, 2012 and accepted the bid of \$125,000, nearly \$50,000 less than anticipated when compared to the rest of the subdivision. The \$11,000 profit did not provide enough revenue to start house seven, resulting in the need to utilize the General Fund to cover the costs of start-up material. House seven, the last house for the project was started in the spring of 2013 and it should be ready for auction by the fall of 2014 or spring of 2015.

HB 264 Energy Conservation Project:

In September of 2009, the Board of Education entered into a Performance Contract with Johnson Control Inc. to perform building improvements in conjunction with a House Bill 264 project. The scope of the work was split into 4 phases:

1. Lighting system improvements-replacing existing lighting, reflector kits, fixtures, motion sensors, ballasts reducing energy consumption.
2. Building envelope improvements-replacing weather stripping on 12 single, 11 double commercial and 3 over size doors, caulking and sealing of 2400 lf of exposed roof wall seam.
3. Penthouse HVAC Renovations (2)-replacing bearings, heating coils, expansion coils, and condensing units.
4. Water Conservation-replacement of lavatory faucets, urinals, water closets, shower heads and kitchen faucets to reduce water consumption.

In February, 2010 the School District received approval from the Ohio Department of Education to participate in the State Credit Enhancement Program, created under Ohio Revised Code Section 3317.18 for \$1,078,690 of Qualified School Construction Bonds. These Energy Conservation Notes, Series 2010 have a fifteen year pay back schedule with a coupon rate of 2.170 percent. The estimated project benefits is estimated by Johnson Controls Inc. to be \$1,278,660 at the end of the fifteen year period and the total principal and interest payments are estimated to be \$1,261,621 at the end of the fifteen year period.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

Additional 1 Mill Levy:

On November 5, 2013 the voters passed a 1 mill additional levy for a period of seven years. The additional revenue is necessary to address the financial needs of the School District that are reflected in the five year forecast. The levy would breakdown as 0.67 mills for current expenses and 0.33 mills for permanent improvement for a seven year period, and first collection due in calendar year 2014.

The dollar amount of revenue generated by this levy is \$1,184,386 annually. The levy passed by 617 votes. In Jefferson County the levy passed by 710 votes, it failed in Harrison, Belmont, and Carroll Counties.

General Fund Major Items:

The School District has lost close to \$500,000 in revenue per year between the local business tax, tangible personal property tax and Senate Bill 3 electric deregulation. The triennial updates and reappraisals have not been significant enough to offset these losses. The exception has been in fiscal year 2012 where some growth was realized. This growth, as explained by the county auditor, resulted from an influx of delinquencies paid by property owners who feared the loss of their land as they anticipated large signing bonuses and royalty payments for leases to the oil and gas companies. The county auditor has not certified this trend to continue.

Due to the significant loss of revenue during the last decade, the Jefferson County Joint Vocational School District has eliminated three programs and decreased staff by ten and one-half employees. The School District is dangerously close to having the minimal amount of programs allowed (twelve). Currently, fourteen programs are offered. The employees have increased the amount of their share of health care premiums by two percent and the School District has restructured the health benefits plan in order to save money. The self-insurance fund is healthy, which allows the School District to take premium moratoriums which is a significant help. However, the School District monitors the program as to not deplete the reserve balance to ensure that the health benefits claims are funded.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Karen Spoonmore, Treasurer/CFO at Jefferson County Joint Vocational School District, 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Jefferson County Joint Vocational School District
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$845,502
Intergovernmental Receivable	57,700
Materials and Supplies Inventory	8,536
Property Taxes Receivable	2,328,356
Cash and Cash Equivalents with Fiscal Agents	1,094,923
Assets Held for Resale	53,195
Non-Depreciable Capital Assets	88,229
Depreciable Capital Assets, net	2,487,182
<i>Total Assets</i>	6,963,623
Liabilities	
Accounts Payable	23,162
Accrued Wages and Benefits	334,496
Intergovernmental Payable	55,290
Matured Compensated Absences Payable	28,267
Accrued Interest Payable	5,495
Claims Payable	66,722
Long-Term Liabilities:	
Due Within One Year	86,290
Due in More Than One Year	1,084,560
<i>Total Liabilities</i>	1,684,282
Deferred Inflows of Resources	
Property Taxes not Levied to Finance Current Year Operations	2,020,748
Net Position	
Net Investments in Capital Assets	1,695,155
Restricted for:	
Capital Projects	142,221
Food Service Operations	64,446
State Programs	1,803
Federal Programs	1,465
Budget Stabilization	17,604
Other Purposes	11,428
Unrestricted	1,324,471
<i>Total Net Position</i>	\$3,258,593

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	<u>Program Revenues</u>		Net(Expense) Revenue and Changes in Net Position	
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
			<u>Governmental Activities</u>	
Governmental Activities:				
Instruction:				
Regular	\$188,734	\$0	\$0	(\$188,734)
Special	241,903	0	242,124	221
Vocational	2,397,112	173,662	225,059	(1,998,391)
Adult/Continuing	8,993	0	0	(8,993)
Support Services:				
Pupils	216,265	0	0	(216,265)
Instructional Staff	333,717	0	4,874	(328,843)
Board of Education	55,036	0	0	(55,036)
Administration	258,002	0	0	(258,002)
Fiscal	249,213	0	696	(248,517)
Operation and Maintenance of Plant	708,029	0	6,168	(701,861)
Central	24,965	0	21,991	(2,974)
Food Service Operations	190,430	82,966	118,117	10,653
Interest and Fiscal Charges	37,314	0	0	(37,314)
<i>Totals</i>	<u>\$4,909,713</u>	<u>\$256,628</u>	<u>\$619,029</u>	<u>(4,034,056)</u>

General Revenues:

Taxes:	
Property Taxes, Levied for General Purposes	1,587,005
Property Taxes, Levied for Capital Outlay	86,588
Grants and Entitlements not Restricted to Specific Programs	2,475,472
Gifts and Donations	3,550
Investment Earnings	7,864
Miscellaneous	7,654
<i>Total General Revenues</i>	<u>4,168,133</u>
<i>Change in Net Position</i>	134,077
<i>Net Assets Beginning of Year</i>	<u>3,124,516</u>
<i>Net Assets End of Year</i>	<u><u>\$3,258,593</u></u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$612,894	\$130,083	\$84,921	\$827,898
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	17,604	0	0	17,604
Receivables:				
Property Taxes	2,041,923	286,433	0	2,328,356
Intergovernmental	6,224	0	51,476	57,700
Interfund	51,000	0	0	51,000
Assets Held for Resale	53,195	0	0	53,195
Materials and Supplies Inventory	0	0	8,536	8,536
<i>Total Assets</i>	<u>\$2,782,840</u>	<u>\$416,516</u>	<u>\$144,933</u>	<u>\$3,344,289</u>
Liabilities				
Accounts Payable	\$17,583	\$5,579	\$0	\$23,162
Accrued Wages and Benefits Payable	323,750	0	10,746	334,496
Interfund Payable	0	0	51,000	51,000
Matured Severance Payable	28,267	0	0	28,267
Intergovernmental Payable	51,245	0	4,045	55,290
<i>Total Liabilities</i>	<u>420,845</u>	<u>5,579</u>	<u>65,791</u>	<u>492,215</u>
Deferred Inflows of Resources				
Property Taxes not Levied to Finance Current Year Operations	1,752,032	268,716	0	2,020,748
Unavailable Revenue	148,073	11,098	0	159,171
<i>Total Deferred Inflows of Resources</i>	<u>1,900,105</u>	<u>279,814</u>	<u>0</u>	<u>2,179,919</u>
Fund Balances				
Nonspendable:				
Materials and Supplies Inventory	0	0	8,536	8,536
Assets Held for Resale	53,195	0	0	53,195
Restricted for:				
Capital Projects	0	131,123	0	131,123
Food Service Operations	0	0	55,910	55,910
Budget Stabilization	17,604	0	0	17,604
State Programs	0	0	1,803	1,803
Federal Programs	0	0	1,465	1,465
Other Purposes	0	0	11,428	11,428
Committed	391,091	0	0	391,091
<i>Total Fund Balances</i>	<u>461,890</u>	<u>131,123</u>	<u>79,142</u>	<u>672,155</u>
<i>Total Liabilities, Deferred Inflows or Resources and Fund Balances</i>	<u>\$2,782,840</u>	<u>\$416,516</u>	<u>\$144,933</u>	<u>\$3,344,289</u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2013*

Total Governmental Fund Balances	\$672,155
 <i>Amounts reported for governmental activities are not financial resources and therefore are deferred in the funds</i>	
Capital assets used in governmental activities are not financial resources and therefore are deferred in the funds	2,575,411
Other long-term assets, are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	
Property Taxes	159,171
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	1,028,201
In the Statement of Activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due.	(5,495)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds - Serial	(880,256)
Compensated Absences	<u>(290,594)</u>
Total long-term liabilities	<u>(1,170,850)</u>
 <i>Net Position of Governmental Activities</i>	 <u><u>\$3,258,593</u></u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property Taxes	\$1,559,886	\$84,532	\$0	\$1,644,418
Intergovernmental	2,771,428	14,012	309,061	3,094,501
Interest	21	0	0	21
Tuition and Fees	158,989	0	0	158,989
Extracurricular Activities	14,673	0	0	14,673
Gifts and Donations	0	0	3,550	3,550
Charges for Services	0	0	82,966	82,966
Miscellaneous	7,654	0	0	7,654
<i>Total Revenues</i>	<u>4,512,651</u>	<u>98,544</u>	<u>395,577</u>	<u>5,006,772</u>
Expenditures				
Current:				
Instruction:				
Regular	203,057	0	0	203,057
Special	252,573	0	0	252,573
Vocational	2,113,771	55,760	170,600	2,340,131
Adult/Continuing	8,767	0	0	8,767
Support Services:				
Pupils	223,647	0	0	223,647
Instructional Staff	319,899	0	6,330	326,229
Board of Education	54,969	0	0	54,969
Administration	248,135	0	0	248,135
Fiscal	238,977	5,428	0	244,405
Operation and Maintenance of Plant	648,212	48,121	0	696,333
Central	2,775	0	22,190	24,965
Food Service Operations	0	0	187,192	187,192
Debt Service:				
Principal Retirement	0	0	63,626	63,626
Interest and Fiscal Charges	0	0	19,792	19,792
<i>Total Expenditures</i>	<u>4,314,782</u>	<u>109,309</u>	<u>469,730</u>	<u>4,893,821</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>197,869</u>	<u>(10,765)</u>	<u>(74,153)</u>	<u>112,951</u>
Other Financing Sources (Uses)				
Transfers In	0	0	87,957	87,957
Transfers Out	(87,957)	0	0	(87,957)
<i>Total Other Financing Sources (Uses)</i>	<u>(87,957)</u>	<u>0</u>	<u>87,957</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	109,912	(10,765)	13,804	112,951
<i>Fund Balance at Beginning of Year - Restated (Note 3)</i>	<u>351,978</u>	<u>141,888</u>	<u>65,338</u>	<u>559,204</u>
<i>Fund Balances at End of Year</i>	<u>\$461,890</u>	<u>\$131,123</u>	<u>\$79,142</u>	<u>\$672,155</u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2013*

Net Change in Fund Balances - Total Governmental Funds \$112,951

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Asset Additions	18,156	
Depreciation	<u>(219,559)</u>	
Total		(201,403)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Property Taxes	29,175
----------------	--------

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

General Obligation Bonds - Serial	63,626
-----------------------------------	--------

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities.

(17,522)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences Payable	13,483
------------------------------	--------

The internal service fund used by management to charge the costs of insurance to individual funds is included in the Statement of Activities and not on the governmental fund statements. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund are allocated among the governmental activities.

133,767

Change in Net Position of Governmental Activities

\$134,077

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Property Taxes	\$1,526,687	\$1,513,651	\$1,513,651	\$0
Intergovernmental	2,788,976	2,765,204	2,765,204	0
Interest	21	21	21	0
Tuition and Fees	160,523	158,989	158,989	0
Extracurricular	14,673	14,673	14,673	0
Miscellaneous	7,654	7,654	7,654	0
<i>Total Revenues</i>	<u>4,498,534</u>	<u>4,460,192</u>	<u>4,460,192</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	213,333	197,754	203,003	(5,249)
Special	248,194	222,640	251,931	(29,291)
Vocational	2,504,611	2,202,784	2,184,855	17,929
Adult/Continuing	8,882	8,767	8,767	0
Student Intervention Services	5,476	5,476	0	5,476
Support Services:				
Pupils	266,264	242,969	232,791	10,178
Instructional Staff	368,891	325,865	320,555	5,310
Board of Education	57,352	54,420	50,514	3,906
Administration	260,668	248,923	248,559	364
Fiscal	259,157	241,747	239,440	2,307
Operation and Maintenance of Plant	664,580	684,526	686,084	(1,558)
Central	2,767	3,629	3,268	361
<i>Total Expenditures</i>	<u>4,860,175</u>	<u>4,439,500</u>	<u>4,429,767</u>	<u>9,733</u>
Excess of Revenues Over (Under) Expenditures	<u>(361,641)</u>	<u>20,692</u>	<u>30,425</u>	<u>9,733</u>
Other Financing Sources (Uses)				
Sale of Assets Held for Resale	125,000	125,000	125,000	0
Advances Out	(51,000)	(51,000)	(51,000)	0
Transfers in	99,783	99,783	0	(99,783)
Transfers Out	(187,740)	(187,740)	(87,957)	99,783
Total Other Financing Sources (Uses)	<u>(13,957)</u>	<u>(13,957)</u>	<u>(13,957)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(375,598)</u>	<u>6,735</u>	<u>16,468</u>	<u>9,733</u>
<i>Fund Balance at Beginning of Year</i>	534,471	534,471	534,471	0
Prior Year Encumbrances Appropriated	33,855	33,855	33,855	0
<i>Fund Balance at End of Year</i>	<u>\$192,728</u>	<u>\$575,061</u>	<u>\$584,794</u>	<u>\$9,733</u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School
Statement of Fund Net Position
Internal Service Fund
June 30, 2013

	<u>Internal Service</u>
Current Assets	
Cash and Cash Equivalents with Fiscal Agents	<u>\$1,094,923</u>
Current Liabilities	
Claims Payable	<u>66,722</u>
Net Position	
Unrestricted	<u>1,028,201</u>
<i>Total Net Position</i>	<u><u>\$1,028,201</u></u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2013

	Internal Service
Operating Revenues	
Charges for Services	\$760,374
Operating Expenses	
Purchased Services	225,520
Claims	408,930
<i>Total Operating Expenses</i>	634,450
<i>Operating Income</i>	125,924
Non-Operating Revenues	
Interest	7,843
<i>Change in Net Position</i>	133,767
<i>Net Position at Beginning of Year</i>	894,434
<i>Net Position at End of Year</i>	\$1,028,201

See accompanying notes to the basic financial statements

Jefferson County Joint Vocation School District

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2013

	Governmental Activity
	Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services	\$760,374
Cash Payments for Goods and Services	(225,520)
Cash Payments for Claims	(432,715)
	<hr/>
<i>Net Cash Provided by Operating Activities</i>	102,139
	<hr/>
Cash Flows from Investing Activities	
Interest	7,843
	<hr/>
<i>Net Cash Provided by Investing Activities</i>	7,843
	<hr/>
<i>Net Increase in Cash and Cash Equivalents</i>	109,982
<i>Cash and Cash Equivalents Beginning of Year</i>	984,941
	<hr/>
<i>Cash and Cash Equivalents End of Year</i>	\$1,094,923
	<hr/> <hr/>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$125,924
Decrease in Claims Payable	(23,785)
	<hr/>
<i>Net Cash Provided by Operating Activities</i>	\$102,139
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2013

	<u>Agency Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$37,890</u>
<i>Total Assets</i>	<u><u>\$37,890</u></u>
Liabilities	
Due to Students	<u>\$37,890</u>
<i>Total Liabilities</i>	<u><u>\$37,890</u></u>

See accompanying notes to the basic financial statements

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Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Jefferson County Joint Vocational School District is a joint vocational school district as defined by Section 331.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Jefferson County Joint Vocational School District includes five members' schools throughout Jefferson County and one member school from Carroll County.

The School District operates under a nine member Board of Education and is responsible for the provision of public education to residents of the school district. The Board of Education consists of three members of the Jefferson County Educational Resource Center, two members of the Steubenville City School District, and one member of Toronto City, Indian Creek Local, Buckeye Local and Edison Local School Districts.

The Jefferson County Board of Education was the sponsoring Board of Education initiating the Jefferson County Joint Vocational School District. The initial meeting of the Jefferson County Joint Vocational School District Board was held on May 6, 1970. Three levy attempts failed in 1970, 1971, and 1972. A special levy was placed on the ballot in July 1972 and passed.

Ground breaking occurred on January 26, 1974. September, 1975 the Jefferson County Joint Vocational School District opened with 375 students and 15 programs. The first senior class completed their programs in June of 1977. Currently, the District is staffed by 5 administrative employees, 18 non-certificated employees and 29 certificated personnel who provide services to 298 students and other community members.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Jefferson County Joint Vocational School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participated in the Ohio Mid-Eastern Regional Education Service Agency Information Technology Center Regional Council of Governments (Council), the Coalition of Rural and Appalachian Schools (CORAS), and the Education Regional Service System Region 12 (ERSS), jointly governed organizations, the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) and the Schools of Ohio Risk Sharing Authority (SORSA), insurance purchasing pools, and the Jefferson Health Plan Self-Insurance Plan, formerly known as the Ohio Mid-Eastern Regional

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Educational Service Agency (OME-RESA) Self-Insurance Plan, which is defined as a risk-sharing, claims servicing, and insurance purchasing pool. These organizations are presented in Notes 15 and 16.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Jefferson County Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's general purpose financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund - The Permanent Improvement Fund is used to account for a permanent improvement levy used to finance various capital projects at the School District.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, prescription drug and dental claims.

Fiduciary Fund Type Fiduciary fund reporting focuses on net positions and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The School District's fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resource measurement focus. All assets and deferred outflows of resources and all liabilities and all inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of outflows/deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 6). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees, customer sales and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports no deferred outflows.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents.”

The School District has cash with a fiscal agent held separate from the School District’s central bank account. This account is maintained by the District’s self-insurance third party administrator and is presented in the statement of net position as “Cash and Cash Equivalents with Fiscal Agent”.

During fiscal year 2013, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s net asset value per share which is the price the investment could be sold for at June 30, 2013.

Following Ohio statute, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$21 which includes \$15, assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund include amounts set aside for budget stabilization. See Note 17 for additional information regarding set-asides.

G. Assets Held for Resale

As an integral part of the instructional laboratory experience for the Construction Trades programs, houses are constructed on land owned by the School District for the purpose of being sold at public auction upon completion. Transactions are conducted through the School District’s General Fund for reporting purposes.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

During fiscal year 2004, the School District completed and sold one house, as well as completed the road and water and sewer assets that were given to the township and county respectively. During fiscal year 2005, the School District completed and sold a second house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2005 activity. During fiscal year 2007, the School District completed and sold a third house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2007 activity. During fiscal year 2008, the School District completed and sold a fourth house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2008 activity. During fiscal year 2010, the School District completed and sold a fifth house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2010 activity. During fiscal year 2013, the School District completed and sold a sixth house and began construction of a seventh house. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis for the fiscal year 2013 activity. The value of the seventh home being constructed at June 30, 2013 is \$53,195 and is recorded as an asset held for resale at June 30, 2013.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

I. Capital Assets

The only capital assets of the School District are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Land Improvements	20 Years
Buildings and Improvements	10-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-20 Years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the Statement of Net Position.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employees will be paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the governmental fund financial statements when due.

M. Interfund Activity

Transfers within governmental activities on the government-wide statements are reported in the same manner as general revenues.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District resolutions).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include local receipts restricted for student programs.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Revenues and expenses not meeting this determination are reported as non-operating.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

S. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect when the final appropriations were passed by the Board.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT OF PRIOR YEAR NET POSITION

A. Changes in Accounting Principles For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 61, "The Financial Reporting Entity: Omnibus," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66 "Technical Corrections—2012 an amendment of GASB Statements No. 10 and No. 62."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

(GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

B. Major Fund – In prior years, the Permanent Improvement Fund has been reported as a nonmajor fund. During fiscal year 2013, the Permanent Improvement Fund will be presented as a major fund. The table below is provided for comparability between years.

	<u>Major Fund</u> <u>Permanent Improvement</u>	<u>Other Governmental</u> <u>Funds</u>
Fund Balance at June 30, 2012	\$0	\$207,226
Permanent Improvement	141,888	(141,888)
Restated Fund Balance, June 30, 2012	<u>\$141,888</u>	<u>\$65,338</u>

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or unassigned fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. The proceeds from the sale of assets held for resale are reported on the operating statement (budget basis) and reduce the value of the asset on the balance sheet (GAAP basis).

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$109,912
Revenue Accruals	(52,459)
Expenditure Accruals	(69,281)
Sale of Assets Held for Resale	125,000
Advance Out	(51,000)
Encumbrances	<u>(45,704)</u>
Budget Basis	<u><u>\$16,468</u></u>

NOTE 5 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

At June 30, 2013, the School District's internal service fund had a balance of \$1,094,923 with Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 16). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$943,503. Of the bank balance, \$250,000 was covered by Federal depository insurance and the remaining balance of \$693,503 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District has no policy for custodial risk for deposits beyond the requirements of State Statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2013, the School District had an investment in Star Ohio. The fair value of Star Ohio was \$28,437, and the investment has an average maturity of 57.5 days.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Interest Rate Risk. The School District has no investment policy that addresses interest rate risk. State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Jefferson, Harrison, Carroll and Belmont Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property and public utility property taxes which were measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes not levied to finance current year operations.

The amount available as an advance at June 30, 2013 was \$141,818 in the General Fund and \$6,619 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2012, was \$95,583 in the General Fund and \$4,553 in the Permanent Improvement Capital Projects Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$900,687,585	78.56%	\$917,680,295	77.48%
Public Utility Personal	245,815,120	21.44%	266,706,160	22.52%
	<u>\$1,146,502,705</u>	<u>100.00%</u>	<u>\$1,184,386,455</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$1.50		\$1.50	

See Subsequent Event Note 19 for information regarding the passage of a 1 mill levy.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013, consisted of property taxes, interfund, intergovernmental grants and rebates. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$159,171 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	Amount
Workers' Compensation Rebate	\$6,430
High Schools That Work Grant	2,052
Perkins Grant	49,218
Total Intergovernmental Receivables	<u>\$57,700</u>

NOTE 8 - INTERNAL BALANCES AND TRANSFERS

Interfund balances at June 30, 2013 consisted of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable General Fund</u>
Other Nonmajor Governmental	<u>\$51,000</u>

The loans were made to the Miscellaneous State Grant and the Perkins Grant Special Revenue Funds in the amounts of \$2,052, and \$48,948, respectively. The loans were made to support the programs until grant monies are received to operate the programs.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Interfund transfers for the year ended June 30, 2013 consisted of the following:

	<u>Transfers to</u> <u>Other Non-major</u> <u>Governmental</u>
<u>Transfers from</u> <u>General Fund</u>	<u>\$87,957</u>

Transfers from the General Fund were used to provide revenue to the Miscellaneous State Grants Special Revenue Fund to cover operating costs and to the Debt Service Fund to provide scheduled debt service payments of the 2010 Energy Conservation Qualified School Construction Bonds.

NOTE 9- CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13
Nondepreciable Capital Assets:				
Land	88,229	\$0	\$0	88,229
Total Nondepreciable Capital Assets	88,229	0	0	88,229
Depreciable Capital Assets:				
Land Improvements	142,091	0	0	142,091
Buildings and Improvements	6,077,091	12,621	0	6,089,712
Furniture and Equipment	2,455,858	5,535	0	2,461,393
Vehicles	32,030	0	0	32,030
Total Depreciable Capital Assets	8,707,070	18,156	0	8,725,226
Accumulated Depreciation:				
Land Improvements	(78,487)	(7,912)	0	(86,399)
Buildings and Improvements	(3,676,056)	(153,199)	0	(3,829,255)
Furniture and Equipment	(2,231,912)	(58,448)	0	(2,290,360)
Vehicles	(32,030)	0	0	(32,030)
Total Accumulated Depreciation	(6,018,485)	(219,559)	0	(6,238,044)
Total Depreciable Capital Assets, Net	2,688,585	(201,403)	0	2,487,182
Governmental Capital Assets, Net	\$2,776,814	(\$201,403)	\$0	\$2,575,411

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Vocational	\$176,356
Adult/Continuing	226
Support Services:	
Administration	6,128
Fiscal	1,532
Operation of Maintenance and Plant	32,079
Food Service Operations	3,238
Total Depreciation Expense	<u>\$219,559</u>

NOTE 10- RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013 the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 16) for property, general liability, and fleet insurance. Coverages provided are as follows:

A. Property and Liability

<i>Property - Including Inland Marine and Miscellaneous Equipment:</i>	
Building and Contents-replacement cost (no deductible)	\$19,975,398
<i>Crime Cover:</i>	
Employee Dishonesty	\$100,000
Forgery	\$100,000
Computer Fraud	\$100,000
Theft, Disappearance, and Destruction	\$100,000
<i>General Liability:</i>	
Each Occurance	12,000,000
Aggregated Limit	14,000,000
<i>Automobile Liability:</i>	
Owed/Leased Vehicles	12,000,000
Medical Payments - Occurance	5,000
Medical Payments - Aggregate	25,000
Uninsured Motorist - Occurance	1,000,000
<i>School Boards Error and Omissions:</i>	
Each Occurance	12,000,000

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

In addition, insurance coverage through Westfield Insurance Company is provided for builders risk insurance for the housing division subdivision project at Breezewood Manor. It provides coverage for \$100,000 liability and \$1,000 inland marine with no deductibles.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

B. Worker's Compensation

For fiscal year 2013, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP.

C. Employee Benefits

Medical/surgical, prescription drug, life and dental insurance are offered to employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool, consisting of over one hundred members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The medical/surgical coverage is based on a usual, customary, and reasonable claim plan. The Board's share of the premiums for this coverage is \$1,109.42 for individual coverage per month and \$2,201.34 for family coverage per month which represents 93 percent of the total premium for the certified staff and \$1,133.04 for individual coverage per month and \$2,248.68 for family coverage per month which represents 95 percent of the total premium for the classified staff. The premium is paid from the fund that pays the salary of the covered employee. Prescription drug coverage is included with the medical/surgical premium. Premiums for the dental coverage are \$100.59 per month for family coverage and \$45.41 per month for single coverage for the certified staff and \$102.76 per month for family coverage and \$46.38 per month for single coverage for the classified staff the Board's share of dental coverage premiums are 93 percent and 95 percent, respectively.

The claims liability of \$66,722 reported in the Internal Service Fund at June 30, 2013 is based on an estimate calculated by averaging the past three fiscal years claims payable amounts and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

<u>Program</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
Self Insurance - Health				
2012	\$80,867	\$577,727	\$568,087	\$90,507
2013	90,507	408,930	432,715 (1)	66,722
(1) Cash Payments for Claims			\$581,963	
- Stop Loss Received for 2013 Claims			<u>(149,248)</u>	
Claims Payments			<u><u>\$432,715</u></u>	

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care Funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$62,467, 60,043, and \$58,958 respectively; 96.49 percent has been contributed for fiscal year 2013 and 100 percent has been contributed for fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 2016. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$228,688 and \$0 for fiscal year ended June 30, 2013, \$250,592 and \$0 for the fiscal year ended June 30, 2012, and \$281,326 and \$2,842 for the fiscal year ended June 30, 2011. For fiscal year 2013, 91.50 percent has been contributed for the DB Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The School District had no members contributing to STRS Ohio for the DC Plan or for the defined contribution portion of the Combined Plan for fiscal year 2013.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2013, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State Statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS' website at www.ohsers.org under Employers/Audit Resources.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$6,828 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011, were \$763, \$2,600 and \$7,139 respectively; 100 percent has been contributed for fiscal years 2013, 2012, and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$3,529, \$3,546 and \$3,794, respectively; 96.49 percent has been contributed for fiscal year and 100 percent has been contributed for fiscal years 2012, and 2011.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$18,596, \$20,879, and \$22,524 respectively. For fiscal year 2013, 91.50 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days do not earn vacation time.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

B. Other Insurance Benefits

The Board pays 100 percent of the premiums for life and vision coverage. Life insurance is provided through MetLife. Coverage is in the amount of \$30,000 for all certified teachers and classified employees at a total monthly premium of \$5.10 and coverage of \$50,000 for administrators at a total monthly premium of \$7.85. The School District provides vision insurance through Vision Service Plan at a cost of \$9.46 for single coverage and \$21.16 for family coverage per month.

NOTE 14 - LONG - TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2013 were as follows:

	Outstanding 6/30/12	Additions	Deductions	Outstanding 6/30/13	Amounts Due Within One Year
<i>2010 Energy Conservation Qualified School Construction Bonds:</i>					
Serial Bonds, \$1,078,690 @ 2.170%	\$943,882	\$0	\$63,626	\$880,256	\$65,007
Compensated Absences	304,077	52,444	65,927	290,594	21,283
Total Long-Term Obligations	<u>\$1,247,959</u>	<u>\$52,444</u>	<u>\$129,553</u>	<u>\$1,170,850</u>	<u>\$86,290</u>

2010 Energy Conservation Qualified School Construction Bonds – On March 17, 2010, Jefferson Joint Vocational School District issued \$1,078,690 of general obligation bonds, in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009 and House Bill 264. The bonds were issued to finance an energy conservation project. The bonds were issued at a 2.170 percent interest rate, for a period of fifteen years with a final maturity at September 15, 2024.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of AA/Negative from Standard & Poor’s for the bond issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Principal and Interest requirements to retire the remaining outstanding qualified school construction bonds for the 2010 Energy Conservation Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$65,007	\$18,396	\$83,403
2015	66,417	16,970	83,387
2016	67,858	15,514	83,372
2017	69,331	14,025	83,356
2018	70,835	12,504	83,339
2019-2023	377,913	38,529	416,442
2024-2025	162,895	3,552	166,447
Total	<u>\$880,256</u>	<u>\$119,490</u>	<u>\$999,746</u>

Compensated absences will be paid from the General Fund.

The School District's voted legal debt margin was \$105,714,525 with an unvoted debt margin of \$1,184,386, at June 30, 2013.

NOTE 15- JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Region Education Service Agency Information Technology Center Region Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Education Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. The School District did not participate in the natural gas sales service program. During fiscal year 2013, the total amount paid to OME-RESA from the School District was \$5,503 for technology services and \$9,396 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Education Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) – The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization including over 136 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercise total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2013.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Educational Regional Service System Region 12 (ERSS) - The School District participates in the Educational Regional Service System Region 12, a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The Advisory Council exercises total control over the operations of the System including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio, 43701.

NOTE 16- PUBLIC ENTITY POOLS

A. Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee of \$525 for policy year 2013 was paid to CompManagement, Inc.

Schools of Ohio Risk Sharing Authority (SORSA) - The School District participates in the Schools of Ohio Risk Sharing Authority, a protected self-insurance purchasing pool under the authority of Ohio Revised Code 2744. One hundred eight school districts, educational service centers and joint vocational school districts participate in the SORSA. SORSA is governed by a board of trustees elected by members. Member school districts agree to jointly participated in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public official's errors and omissions liability insurance.

B. Risk Sharing, Claims Servicing, and Insurance Purchasing Pool

The Jefferson Health Plan Self-Insurance Plan - The School District participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency, Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2004, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute.

The following cash basis information describes the change in the year-end set-aside amounts for capital improvements and budget stabilization. Disclosure of this information is required by State statute.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Restricted Balance as of June 30, 2012	\$0	\$17,604
Current Year Set-aside Requirement	57,739	0
Current Year Offsets	<u>(96,476)</u>	<u>0</u>
Totals	<u><u>(\$38,737)</u></u>	<u><u>\$17,604</u></u>
Balance Carried Forward to Fiscal Year 2014	<u><u>\$0</u></u>	<u><u>\$17,604</u></u>
Set-aside Restricted Balance as of June 30, 2013	<u><u>\$0</u></u>	<u><u>\$17,604</u></u>

The School District had offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside which may not be carried forward to future years. The School District also had prior year capital expenditures from note and bond proceeds that may be carried forward to offset future set-aside requirements, if needed. The total restricted balance for the set-asides at the end of the fiscal year was \$17,604.

NOTE 18– CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

B. Litigation

The School District is currently not a party to any pending litigation.

C. Paid Up Oil and Gas Lease

The Board of Education has entered into a “Paid-Up” Oil and Gas Lease effective October 12, 2011 and continuing for a period of five years with Hess Ohio Resources, LLC. In consideration of the execution of the leases, the School District received a bonus of \$445,540 during fiscal year 2012. The School District has a total of 89.108 acres subject to the lease provisions which call for payments or royalties to the School District (Lessor), in addition to the bonus. The royalties will be 18.75 percent of the gross price paid to Hess Ohio Resources, LLC (Lessee) for such gas oil, and other hydrocarbons so produced and marketed from the leased premises. The total carrying value of the land leased is \$87,355. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

Jefferson County Joint Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

NOTE 19 - SUBSEQUENT EVENTS

A. Property Tax Levy

On June 6, 2013, the Board of Education passed a resolution to place an additional 1 mill, seven year general operating levy for the purpose of providing for current expenses, for the purchasing of equipment for buildings, and for improving the buildings on the November 5, 2013 ballot. The levy passed and will begin collections in calendar year 2014. The levy is expected to generate \$1,184,386 annually.

B. Vocational School District Board of Education Composition

Effective September 29, 2013, Ohio Revised Code Section 3311.19 changes the qualifications necessary to serve as a member of the Board of Education of vocational schools. Current board members will continue until the expiration of their term.

C. Labor Agreements

The Jefferson County Joint Vocational School Teachers' Association negotiated agreement expired on July 1, 2013. The Jefferson County Joint Vocational School Teachers' Association and the Board of Education approved a new agreement on December 17, 2013.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomington, Ohio 43910

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County Joint Vocational School District, Jefferson County, Ohio (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 15, 2014. We noted the District adopted new accounting guidance in Governmental Accounting Standards Board No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "David Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

David Yost
Auditor of State
Columbus, Ohio

July 15, 2014

**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY**

SCHEDULE OF FINDINGS

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

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Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomington, Ohio 43910

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Jefferson County Joint Vocational School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on December 12, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act";

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 15, 2014

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Dave Yost • Auditor of State

JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 16, 2014**